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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON D. C. BAE APRIL 1950

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CONTENTS

AGRICULTURAL PRICES AND INCOME IN 1950

Although the demand for farm products is expected to continue at a high level through most of 1950, the 1949 pattern of lower prices and cash receipts to farmers, stable farm production costs, and a substantial drop in the realized net income of farm operators is being repeated. For the year as a whole, prices received by farmers and cash receipts from farm marketings may average less than 10 percent below 1949. The drop in farm operators' net income this year may be nearly as great as that which occurred last year. This would leave net income about a third below the peak reached in 1947. These prospects are in line with the preliminary appraisal of the 1950 Outlook in the October 1949 issue of this publication. Although the general business situation has turned out to be stronger than was anticipated at that time, the prospects for agriculture have not been altered appreciably. For the most part, the increases in consumer demand that have occurred since last fall have been channeled into housing, automobiles, and homefurnishings rather than into food and other farm products.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1949 Year	1949 Mar.	1949 Dec.	1950 Jan.	1950 Feb.	1950 Mar.
Industrial production 1/	1935-39						
Total	=100	176	184	179	183	181	186
All manufactures	do.	183	193	188	192	192	194
Durable goods	do.	201	223	203	209	207	212
Nondurable goods	do.	168	168	176	179	180	179
Minerals	do.	134	136	132	130	118	143
Construction activity 1/	1935-39						
Contracts, total	=100	368	305	456	422	458	469
Contracts, residential	do.	471	319	625	600	637	657
Wholesale prices 2/							
All commodities	1926=100	155	158	151	152	153	153
All commodities except farm and food	do.	147	151	145	146	146	146
Farm Products	do.	166	172	155	155	159	159
Food	do.	161	163	156	155	157	156
Prices received and paid by farmers 3/	1910-14						
Prices received, all prod.	=100	249	258	233	235	237	237
Prices paid, interest, taxes and wage rates	do.	250	255	245	249	248	250
Parity ratio	do.	100	101	95	94	96	95
Consumers' price 2/ 4/	1935-39						
Total	=100	169	170	168	167	166	167
Food	do.	202	202	197	196	195	196
Nonfood	do.	151	151	151	150	150	151
Income							
Nonagricultural payments 5/	Bil.dol.	191.4	190.5	194.5	198.7	202.8	
Income of industrial workers 3/	1935-39 =100	325	334	325	322	323	
Factory payrolls 2/	do.	346	354	351	350	351	
Weekly earnings of factory workers 2/							
All manufacturing	Dollars	54.94	54.74	56.18	56.33	56.37	56.57
Durable goods	do.	58.03	57.83	59.15	59.44	59.47	59.97
Nondurable goods	do.	51.46	51.07	52.73	52.82	53.06	52.90
Employment							
Total civilian 6/	Millions	58.7	57.6	58.6	56.9	57.0	57.6
Nonagricultural 6/	do.	50.7	50.3	51.8	50.7	50.7	50.9
Agricultural 6/	do.	8.0	7.4	6.8	6.2	6.2	6.7
Government finance (Federal) 7/							
Income, cash operating	Mil.dol.	3,448	5,555	4,263	3,485		
Outgo, cash operating	do.	3,553	3,850	4,061	3,177		
Net cash operating income or outgo	do.	- 105	+1,704	+ 202	+ 308		

Annual data for the years 1929-49 appear on page 19 of the March 1950 issue of The Demand and Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE, to convert prices received and prices paid interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Dept. of Commerce received figures, seasonally adjusted at annual rates. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1949 are on average monthly basis.

Much of the agricultural price decline anticipated for 1950 already has occurred. Prices received by farmers in the first four months of the year averaged 8 percent below the same period in 1949, and 5 percent under the full year average. The average of prices received for crops so far this year has been near last year's average, since prices of many major crops have remained close to support levels. Most of the decline has occurred in livestock items, particularly eggs, poultry and dairy products. Support prices for 1950 crops of wheat, cotton, corn and peanuts are not likely to be appreciably different than those for the 1949 crops in view of the fairly stable level of the parity index applicable for these crops (prices paid by farmers, interest and taxes). Support prices for flue-cured and burley tobacco and rice will probably be higher for the 1950 crops as a result of the new method for computing parity prices for these commodities prescribed in the Agricultural Act of 1949. Nevertheless, this year's harvests are likely to be large enough, if the weather is normal, to cause some decline in average crop prices later in the year. Prices for livestock and products also are expected to decline because of the heavy marketings of hogs and cattle expected during the latter part of 1950.

With average growing conditions, total supplies of farm products marketed this year would closely approximate those of 1949. Total crop marketings would be down substantially, primarily because of acreage allotments for some crops. However, this is expected to be offset by generally increased marketings of livestock and livestock products.

Assuming normal weather conditions, the major reductions in cash receipts this year compared with last appear likely in cotton (and cottonseed), corn and wheat among the crops and in most livestock and livestock product groups. In the case of cotton, corn, and wheat the reduced income would result from the acreage allotment programs for these crops. For individual farmers, there will be some offset to reduced receipts from those sources resulting from shifts to other crops. The anticipated reduction in receipts from livestock and livestock products would be due to lower prices since output of these commodities will probably exceed that of 1949.

Any appreciable decline in farm production costs this year appears unlikely. Prices paid by farmers for commodities used in production in April were slightly higher than the 1949 average and only small declines are expected during the remainder of the year. Farm wage rates on April 1, seasonally adjusted, were only slightly below last year's average. Some further reduction in farm labor costs and in some other costs may arise from smaller requirements resulting from acreage curtailments. On the other hand, interest charges, taxes and depreciation charges on machinery and buildings are higher this year.

In contrast to the sharp reductions in agricultural prices and income, prices and incomes in most other sectors of the economy have stayed close to peak levels. Total economic activity in the first quarter of 1950 recovered to a level only slightly below the record rate in late 1948. For the most part this was due to an upsurge in home-building and in output of automobiles and other durable goods. Sales of the latter have been spurred by the veterans' insurance refunds, most of which were distributed in the first quarter of the year.

Wholesale prices of most industrial goods have remained stable and currently average only about 5 percent below the postwar peak. The flow of income generated by this high level of activity contributes to a fairly high level of consumer demand for food and other farm products, as evidenced by recent stability in retail food sales and in farm product prices.

The current favorable business situation affords considerable optimism for a continued high level of activity and demand for the remainder of the year. Nevertheless, there are some indications of a slackening later in the year. The stimulus to retail sales brought by the veterans' refunds will have largely worn off by the last quarter. The downtrend in business expenditures for plant and equipment which occurred in 1949 shows signs of continuing through 1950. The recent SEC-Commerce survey reported that anticipated capital outlays for the second half of this year are expected to be down 14 percent from the last half of 1949. In addition, total United States exports of goods and services are also likely to be lower later in the year as a result of smaller foreign aid expenditures and increasing foreign competition in world markets. If these trends materialize, they would probably damper the domestic demand for farm products by the end of the year.

The foreign demand for U. S. farm products will be somewhat weaker this year than in 1949. Less dollars will be available to foreign countries due to the anticipated reduction of approximately 17 percent in foreign aid expenditures during this calendar year (exclusive of military aid). With increasing agricultural output abroad foreign needs for U. S. farm products are less pressing. In 1949, about 60 percent of the 3.6 billion dollars of agricultural products exported were financed under ECA and army aid to civilians in occupied areas. However, agricultural exports are not likely to be reduced as much as the reduction in funds anticipated for foreign aid programs. Some shift is likely in purchases under the ECA program from off-shore areas to U. S. sources of supply. Nevertheless, it is likely that the value of agricultural exports this year may be 10-15 percent lower than in 1949. Exports of wheat (including flour) so far this year have been substantially smaller than in the comparable period last year. In the second half of the year, however, they may not be much smaller than a year ago. Exports of cotton may be almost as large as in the calendar year 1949.

Commodity highlights

Prices of meat animals are expected to follow about the usual seasonal course during the remainder of 1950 with the usual summer rise followed by lower prices for hogs and beef cattle by the end of the year. A larger percentage of total milk production in 1950 is likely to go into manufactured dairy products than in 1949. Total milk output this year is expected to exceed last year's. Farmers are likely to receive sharply lower prices for eggs during the rest of 1950 than a year earlier. Present supply indications point to a lower general level of fats and oils prices this year than last. With the prospects for a smaller corn crop in 1950, corn prices will probably be maintained nearer the loan rate in 1950-51 than in either of the past two years. With wheat production in 1950 again likely to exceed domestic and export requirements, prices are expected to fall below the loan following harvest but should average close to it for the 1950-51 marketing year as

a whole. Grower prices for most 1950-crop deciduous fruits will probably average a little higher than for the 1949 crop. Present indications of the supply of 1950 potatoes point toward slightly lower grower and retail prices than those for the 1949 crop. Support prices for the 1950 crop are almost 10 cents per bushel lower than for last year's crop. Prices received by farmers for wool in 1950 will not be greatly different than the 1949 average price of 49.3 cents per pound. Demand for cigarette tobacco is expected to be fairly strong again this year. Prices of the 1950 crop of flue-cured and Burley are likely to average above their support levels, which will probably be a little higher than those of last season.

GROSS NATIONAL PRODUCT IN THE FIRST QUARTER OF 1950

Recent estimates of the gross national product, which measures the total value of the nation's output at current market prices, indicate the extent of the recovery in economic activity since the decline in 1949 (table 1).

Table 1.- Gross national product, fourth quarter 1948 to first quarter 1950
Seasonally adjusted annual rates

(Billions of dollars)

Component	1948	1949				1950
	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr. (prel) 1/
Gross national product	270.3	262.0	257.9	254.6	255.2	258.0
Personal consumption expenditures	180.9	178.7	179.3	179.7	179.8	181.0
Durable goods	22.9	23.0	23.6	25.7	25.2	
Nondurable goods	103.3	100.4	99.8	97.6	97.7	
Services	54.8	55.3	55.9	56.5	56.9	
Gross private domestic investment	48.0	40.0	33.2	32.1	33.7	35.0
New construction	17.9	16.8	16.4	17.4	18.7	
Prod. durable equipment	21.2	20.7	20.0	19.6	18.7	
Change in business inventories	9.0	2.5	-3.2	-5.0	-3.7	
Net foreign investment	1.0	1.0	1.2	-.3	-2.0	-2.0
Government purchases of goods and services	40.3	42.3	44.2	43.2	43.7	44.0
Federal, net	23.4	25.2	26.4	25.0	25.0	
State and local	16.9	17.1	17.8	18.2	18.8	

U. S. Department of Commerce. Preliminary estimates for 1st quarter 1950 by the Council of Economic Advisers.
1/ Subgroup estimates unavailable.

In the first quarter of 1950, the gross national product was at a seasonally adjusted annual rate of 258 billion dollars. This was about 1 percent higher than in the last quarter of 1949, about 1 1/2 percent lower than in the first quarter of 1949, and about 4 1/2 percent lower than the peak rate reached in the last quarter of 1948. After allowing for the price declines, however, activity in the first quarter of this year was about the same as in the same quarter of 1949, and only about 1 1/2 percent below the peak rate of the last quarter of 1948.

The most important developments in the first quarter of this year were the rise in personal consumption expenditures to the peak rate of late 1948 and an increase in expenditures for new construction to a record high.

The expansion in consumption expenditures was mostly due to the large insurance refund to veterans, a large part of which was received in the first quarter of the year. Retail sales of durable goods, particularly automobiles and homefurnishings, rose to record levels. However, since only a relatively small part of the 2.8 billion dollar refund was spent in the first quarter, the refund will continue to be an important support to consumer expenditures for some months. Expenditures for services also rose further, primarily because of rent increases. Expenditures for non-durable goods, including food, remained fairly stable.

Gross private domestic investment also rose during the quarter, primarily because of record residential construction activity. Business expenditures for plant and equipment continued the steady decline which has been underway for more than a year. No reversal appears imminent. The SEC-Commerce survey of business intentions regarding capital outlays in 1950 indicated a decline of about 11 percent for the year as a whole compared with 1949 and a possible drop of 14 percent in the last half of the year compared with the same period a year ago. The rate of inventory liquidation lessened during the quarter. Some of the reduction in inventories was in coal and steel resulting from the work stoppage in coal. A year ago, there was a sharp increase in inventory investment.

Net foreign investment was practically unchanged from the preceding quarter. In both quarters, part of ECA disbursements to foreign countries was used to bolster monetary reserves rather than for the purchase of goods from this country. A year ago, there was a net outflow of foreign capital to finance their imports from the United States.

Government purchases of goods and services have been fairly stable recently. Expenditures by the Federal Government were about the same as in the preceding quarter and the first quarter a year earlier. Barring any substantial increase in appropriations over those requested by the President, Federal Government expenditures may decline slightly in the last half of the year. However, State and local expenditures continue to increase, particularly for schools and highways.

CURRENT TRENDS

Output and Employment

The rapid recovery in total industrial activity from the effects of the coal strike pushed total output in March above the January level. The Federal Reserve Board's index of industrial production, seasonally adjusted, rose to 186 (1935-39=100) in March, compared with 181 in February, 183 in January and 184 in March a year earlier. Greater output of both durable goods and minerals contributed to the rise from February.

The index of durable goods output in March was 212 compared with 207 in February, 209 in January and 223 in March 1949. The rise reflected gains in automobile, machinery, lumber and furniture production from a month earlier. Motor vehicle output during March was considerably above February, when steel and coal shortages affected production. Despite the fact that one major automobile producer was strike-bound during most of the first quarter of the year, the number of units produced by the industry was the second highest quarterly total since 1929. In January-March, over 1.6 million units were assembled. This compares with about 1.4 million in the first quarter of 1949 and the postwar peak of about 1.9 million units reached during the three months ending September 30 last year. During the second quarter of this year, output is expected to be even greater, especially if the strike-bound plants come into production. Manufacturers now in operation have raised their schedules of passenger car output about 10 percent for the second quarter. If these schedules are attained and if the now inactive plants are in production, about 2 million units will be produced in the second quarter of this year. This would slightly exceed the postwar peak rate of the third quarter of 1949.

Nondurable goods production was off a little in March largely as a result of slightly smaller output of textiles. At 179, however, the index of nondurable goods production was down only 1 point from the record level of February.

Coal production snapped back sharply following settlement of the coal strike in early March. As a result, total production of minerals in March rose 21 percent above the relatively low level of February.

Construction activity in March continued at a record pace as expenditures for new construction rose to 1.5 billion dollars, 8 percent over those of the previous month. The total for the first quarter of this year was 4.4 billion dollars, the highest on record and 18 percent above the same period of 1949.

Private expenditures on new construction totaled 1.1 billion dollars in March, 5 percent above February and 18 percent above March a year earlier. For the first quarter, these expenditures were up 17 percent from the same period in 1949. Private homebuilding in March was at a brisk rate with expenditures rising 5 percent above February and

48 percent above March 1949. Nonfarm dwellings started in March climbed to a record 110,000 units, 30,000 above February and 41,000 greater than March 1949. In the first quarter of this year, about 270,000 new units were begun, compared with 169,800 in January-March 1949. Construction of stores and hospitals also rose somewhat over February, but most other types of private nonresidential building continued below year-ago levels.

A seasonal rise in new highway work was largely responsible for the 15 percent rise in public construction over February. Expenditures on other public projects such as schools, housing and hospitals continued at the high February rates and were considerably above those of a year earlier.

As a result of improved business activity and the seasonal increase in farm employment total employment in April rose to 58.7 million persons, 1.1 millions greater than in March and about .8 million more than in April a year earlier. Nonfarm employment totaled 51.5 million persons, about 600,000 above March and 1.5 millions greater than in April a year earlier.

The civilian labor force rose about 500,000 from March to April, much less than the increase in employment that occurred during the month. As a result, unemployment dropped 600,000 from March to April to 3.5 million persons, the lowest level so far this year but still about 500,000 above April a year earlier. The number of long-term unemployed (15 weeks or longer) in April was 1.2 million persons, the same as in March and about double the total in April 1949.

Income and Related Factors

Personal income in February was at a seasonally adjusted annual rate of 219.1 billion dollars, 1 billion greater than in January and 7.8 billion above February a year earlier. The rise from January was due entirely to the increase in the rate of payments of veterans' insurance refunds. About 789 million dollars (9.4 billions, annual rate) were disbursed to veterans during the month. Excluding these payments, total personal income was 209.7 billion in February, 3 billion below the comparable January total. The rather sharp decline in the adjusted total from January was due largely to a greater than seasonal drop in farm income arising from substantially smaller marketings of farm products. Salary and wage receipts were down slightly from January, reflecting in large part the smaller pay rolls in the coal mining and transportation industries resulting from work stoppages.

The dollar volume of sales at department stores was lower in March than in the previous month. The index of department store sales, seasonally adjusted, declined to 274, 2 percent below both February of this year and March a year earlier. From January 1 through April 22, sales were 3 percent below those in the like period of 1949. Movement of soft goods in March and most of April was relatively slow, while sales of durables continued brisk, registering substantial increases above a year earlier.

Commodity Prices

The stability which has characterized the wholesale price level since last summer continued through March and most of April. In March, the index of prices at wholesale was 152.6 (1926=100) compared with 152.7 in February and 158.4 in March 1949. By late April, however, price increases for farm products, foods and the major industrial groups, except textile products, brought the average of all wholesale prices during the week ending April 25 about 1.1 percent higher than 4 weeks earlier.

Table 2.- Group indexes of wholesale prices, week ended April 25, 1950 with comparisons

(1926 = 100)

Group	Week ended Apr. 25, 1950	Week ended Mar. 28, 1950	Week ended Apr. 26, 1949	Week ended April 25, 1950 percentage change from: Week ended Mar. 28, 1950	Week ended Apr. 26, 1949
All commodities	153.7	152.1	155.6	+ 1.1	- 1.2
Farm products	160.8	158.5	167.2	+ 1.5	- 3.8
Food	157.8	155.9	161.5	+ 1.2	- 2.3
All other than farm and food	146.5	145.6	148.0	+ .6	- 1.0
Textile products	135.3	136.1	141.8	- .6	- 4.6
Fuel and lighting materials	130.7	130.5	131.3	+ .2	- .5
Metals and products	170.3	169.6	170.1	+ .4	+ .1
Building materials	194.3	192.9	196.2	+ .7	- 1.0
Chemicals and allied products	117.0	116.6	118.2	+ .3	- 1.0

Bureau of Labor Statistics

Compared with a year earlier, all commodity prices averaged 1.2 percent lower with declines recorded for all major groups except the metals and their products. Wholesale prices of farm products and foods were down 3.8 percent and 2.3 percent respectively. Wholesale prices of commodities other than farm products and foods averaged only 1.0 percent below a year ago.

The average of prices received by farmers in mid-April was almost 2 percent higher than on March 15. The BAE index of prices received rose from 237 (1910-14=100) in March to 241. In April last year the index was 256. Crop prices were generally higher in April compared with

the previous month, with the average up 5 percent. Prices received for truck crops rose 22 percent from mid-March largely due to sharply higher prices for tomatoes and snap beans resulting from freeze damage. Prices received for livestock and livestock products averaged about 1 percent lower in mid-April reflecting seasonal declines in prices of dairy products and eggs.

Table 3.- Group indexes of prices received by farmers, April 15, 1950 with comparisons

(1910-14=100)

Group	Apr. 15, 1950	Mar. 15, 1950	Apr. 15, 1949	April 15, 1950 Percentage change from Mar. 15, 1950	April 15, 1950 Percentage change from Apr. 15, 1949
Food grains	227	224	229	+ 1	- 1
Feed grains and hay	181	174	177	+ 4	+ 2
Cotton	242	236	251	+ 3	- 4
Tobacco	389	389	403	0	- 3
Oil-bearing crops	239	230	256	+ 4	- 7
Fruit	206	193	225	+ 7	- 8
Truck crops	205	168	196	+ 22	+ 5
Other vegetables	194	191	250	+ 2	- 22
All crops	225	215	234	+ 5	- 4
Meat animals	312	308	324	+ 1	- 4
Dairy products	235	243	241	- 3	- 2
Poultry and eggs	161	165	220	- 2	- 27
Wool	283	279	289	+ 1	- 2
Livestock and products	256	258	276	- 1	- 7
Crops and livestock and products	241	237	256	+ 2	- 6

Farmers received prices averaging 6 percent below a year ago in mid-April. The all crop group averaged 4 percent below last April with prices of apples, potatoes, sweetpotatoes and dry edible beans off sharply. Substantially lower prices for poultry and eggs contributed most to the 7 percent decline in average prices of livestock and products from a year earlier.

In mid-April, the average of prices paid by farmers, including interest, taxes and wage rates was 251 (1910-14=100), compared with 250 on March 15 and 254 in April 1949. From mid-March to mid-April, increases in prices paid for feed, feeder livestock and food more than offset a slight reduction in the level of farm wage rates and lower prices for clothing, soap, fuel and auto supplies. The parity ratio (ratio of prices received by farmers to prices paid, interest, taxes and wage rates) rose from 95 in March to 96. A year ago the ratio was 101.

Prices paid by urban consumers of moderate incomes averaged slightly higher in March than in February. The BLS index of consumers' prices increased to 167.0 (1935-39=100), compared with 166.5 in February and 169.5 in March 1949. Higher food prices contributed most to the over-all rise but prices for most other groups rose fractionally over February.

FARM INCOME

Outlook for 1950

Farmers' net income in 1950 is likely to be considerably less than the 13.8 billion dollars they realized last year. Prices farmers receive for their products have generally shown a downward trend for some time, while their costs have declined only slightly. This situation is expected to continue for the rest of the year.

Farmers' cash receipts from marketings in 1950 may total around 25 billion dollars, compared with 27.5 billion dollars received last year. An increase in volume of sales of livestock and livestock products may partly offset a drop in crop marketings, and only a slight reduction in the total volume of farm marketings is expected on the basis of present information. Any decline in total cash receipts will result primarily from lower average prices. Crop prices on the whole may be down somewhat less than prices of livestock and livestock products. However, since the volume of crop marketings will decline while sales of livestock and products will increase, the percentage decline in total crop receipts is likely to be a little greater than for livestock receipts.

In addition to cash receipts from marketings, farmers' gross income includes the value of home produced food and fuel, the rental value of farm dwellings, and Government payments. All except Government payments are likely to be lower in 1950 than in 1949; and the expected decline in total gross farm income is only slightly smaller than that for cash receipts.

The total cost of farm production in 1950 will be almost as high as it was in 1949. Expenditures for hired labor may decline about 5 percent, with employment and wage rates both down slightly. Smaller quantities of fertilizer purchased at slightly lower prices may result in lower expenditures for fertilizer and lime. Rents also are expected to decline somewhat, reflecting lower returns from farming.

Practically all other expenditure items are likely to equal or exceed last year's levels. Livestock are being purchased at slightly higher prices, and the total cost of purchased livestock may be up a little. The cost of purchased feed is not likely to show much change, with a slight decline in prices offset by increased numbers of animals to be fed. Charges for maintenance and depreciation will be up a little, reflecting increased numbers and higher values of farm machinery and motor vehicles; and higher prices of fuel and repairs will also result in increased costs of operation. Tax and mortgage-interest payments will each be a little

higher than last year. And other miscellaneous expenses, including such items as seeds, containers, twine, irrigation charges, dairy supplies, short-term interest, blacksmithing and hardware, etc., are likely to add up to about the same total as in 1949.

With total costs showing little if any decline, any drop in farmers' gross income will be fully reflected in their net income. And the latter may be down nearly as much as the decline which occurred last year.

Cash receipts in April

Farmers received about 1.7 billion dollars from marketings in April, slightly above March and 3 percent less than receipts in April of last year. Farm-product prices averaged slightly above March, but 6 percent under a year ago. The total volume of farm marketings was a little larger than in March and slightly above April of last year.

April receipts from livestock and livestock products were about 1.2 billion dollars, slightly above March and 4 percent less than April 1949. Crop receipts totaled a little more than 0.5 billion dollars, a little above March but slightly below receipts in April a year ago.

Cash receipts, January-April

Farmers received about 7.2 billion dollars from marketings during the first 4 months of 1950, or 5 percent less than their receipts in the same period last year. Prices farmers received from sales averaged 8 percent below last year's prices, but the volume of marketings was a little larger. Total receipts from livestock and livestock products were 4.5 billion dollars, 6 percent less than last year with prices averaging 9 percent lower. Receipts from meat animals were around 2.5 billion dollars, down only 3 percent, with larger marketings nearly offsetting lower prices. Dairy receipts were about 1.2 billion dollars, down slightly because of lower prices. Sharp drops in prices of all poultry products resulted in a decline of about 20 percent in receipts from poultry and eggs.

Crop receipts of 2.7 billion dollars were down a little from last year, since larger marketings only partly offset lower prices. Receipts from wheat, cotton, oil-bearing crops, and vegetables were each about 15 percent under last year. Receipts from corn, tobacco, and fruit were higher, however.

LIVESTOCK AND MEAT

Prospects are that prices of meat animals, which have held a generally stable level for several months, will follow about the usual seasonal course during the rest of 1950. Prices of well finished cattle now higher than last year are expected to reach a seasonal peak in late summer or early fall. Prices of lower grades of cattle probably will decline seasonally during the summer. Prices of hogs have been consistently lower than 1949 prices and are likely to continue lower. An average seasonal rise is expected this spring and early summer, but in their decline next fall and winter prices may reach the lowest levels

since price controls were in effect in 1946. Prices of lambs are below the very high prices of last spring, but later in the year they may be about as high as they were at corresponding periods of 1949.

Prices of well finished cattle have held above last year chiefly by reason of the smaller supply of those grades on the market. Although slightly more cattle have been on grain feed this winter than last, they were put on feed at lighter weights and are scheduled for marketing at dates which average later than last year. A moderate rise in prices of well finished cattle is likely to begin about mid-summer. The peak may come in late summer or early fall, which would be somewhat earlier than in 1949.

The demand for cattle for feeding or grazing, and for building up herds has supported prices of cattle, especially of stockers and feeders and of lower grades of slaughter cattle. A seasonal decline in prices for these classes is likely during the summer. For stockers and feeders the decline may be at least average.

The spring peak of marketings from the 1949 fall pig crop was smoothed out considerably by the large number sold in March. As a result, the total price decline will probably be smaller than would otherwise have occurred. At the end of April, marketings were at or near their peak, and prices may hold steady or strengthen further. The seasonal advance, which usually ends in late summer, may be as large as usual this year because slaughter supplies of hogs this summer may not be very much larger than last summer. Most of the gain in slaughter will be in sows, more of which are expected to be slaughtered this summer because a smaller proportion than last year of those farrowing in the spring is expected to be retained for fall farrowing. A large sow slaughter this summer would mean that the price discount for heavy hogs, which has been narrow lately, would widen more than usual.

Last December farmers reported that they planned to increase their 1950 spring pig crop 6 percent over the 1949 crop. If they carry out these plans, the supply of slaughter hogs this fall will be larger than last fall. Although prices of hogs may average closer to a year earlier in the second half of 1950 than in the first, they are likely to be somewhat below 1949 in most or all months. Therefore it is likely that at the end of the decline this fall, the price of hogs will be the lowest since 1946, when price controls were in effect.

In the spring of 1949, marketings of sheep and lambs were exceptionally small, and Chicago prices of Good and Choice slaughter lambs at that time were around $30.00 per 100 pounds. This year marketings have not declined so sharply. More sheep and lambs were slaughtered in April this year than last. Prices have risen less. They averaged about $26.00 in April and are expected to continue lower this spring than in the spring of last year. In most or all the remaining months of 1950, slaughter is likely to be smaller than in the same months of 1949. This summer, prices will probably decline much less than last summer. Prices of lambs in late summer and fall may be about as high as last year, and rather high compared with prices of other meat animals.

About the same volume of meat was produced commercially in January-March as in the same period last year. Consumption of meat per person was probably very nearly equal to the 37.5 pounds in the same quarter last year. Production the rest of this year is expected to exceed corresponding periods of 1949, with the largest margin of increase in the fourth quarter. Consumption per person is likely to be materially larger than last year only in the fourth quarter. The 1950 total consumption per person may be 1 to 2 pounds larger than the 145 pounds consumed last year.

DAIRY PRODUCTS

Prices received by farmers for milk at wholesale during the first three months of 1950 averaged almost 10 percent below the same period in 1949. Recent declines in average prices received for fluid milk have accounted for a large part of this drop. Prices for manufacturing milk have been steady due to Government support programs and probably will remain fairly stable through the period of flush production. Butterfat prices have changed little over the past year and as of April were 61.0 cents per pound compared to 61.4 cents per pound last March.

Milk production was at a record annual rate of 123 billion pounds in the first quarter of 1950. March output was the highest on record for the month and exceeded the March 1949 production by 4 percent. If weather and pasture conditions are favorable, total milk production for 1950 is likely to exceed last year's 119.1 billion pounds and might approximate the record yield of 121.5 billion pounds in 1945. With the total consumption of fluid milk increasing only slightly in the past year, a larger percentage of the total milk production probably will go into manufactured dairy products during 1950.

The average retail price of milk delivered to homes in 25 cities in early April, at 19.4 cents per quart, was 3 percent lower than last April. At $4.38 per hundredweight, milk dealers' average buying prices for Class I milk (3.5 percent) in early April, was 20 cents per hundredweight below the average price for the preceding month and 29 cents per hundredweight, 6 percent, below the April 1949 price. Wholesale prices for the week ending April 28 for butter, cheese, and nonfat dry milk solids were about at support levels and virtually unchanged from the same week a year ago.

Manufacturers' stocks of evaporated milk at the end of March were 51 percent under a year earlier and stocks of canned condensed milk were down 19 percent. In January-March, production of butter was around 8 percent larger than a year earlier; cheese production was down 1 percent; evaporated milk was 12 percent higher; condensed whole (canned goods) milk was down 54 percent; and nonfat dry milk solids output was up about 10 percent.

From January 1 through April 28, the USDA sold 6 million pounds of butter and 7 million pounds of cheese to private firms. Butter purchases picked up sharply recently and through April 28 the Government had purchased 27 million pounds. Cheese purchases during the same period totaled 8 million pounds. Price-support purchases of nonfat milk solids continued heavy and as of April 28, the Government had bought 137 million pounds. The USDA had available for disposal on April 28, 112 million pounds of butter, 26 million pounds of cheese, and 236 million pounds of nonfat solids.

POULTRY AND EGGS

The 1950 season for producing baby chicks for laying flock replacement is more than half-way through. Reports of hatchery output show that the volume for January through March was slightly larger than last year's. On April 1, 1950, numbers of chicks and young chickens on farms were estimated to be 8 percent larger than last year. However, there are indications that the number of chicks hatched late in the spring will drop off more sharply than last year. As a result, total output for 1950 may approach farmers' intentions more closely than is indicated by early season performance.

At 30.8 cents per dozen, egg prices received by farmers in mid-April were 0.8 cents lower than in March. Commercial cold storage for fall and winter use, and Government purchase for price support, have continued to be important outlets for the seasonally large supplies of eggs. The Government's dried egg purchase program has been extended without change through June. Egg prices for the rest of the year, at least through September, are likely to continue sharply lower than in 1949.

The Department of Agriculture has announced that it will not have price support programs for chickens or turkeys produced in 1950. Chicken prices received by farmers have held fairly steady in the last month, and in mid-April averaged 23.3 cents per pound compared with the 7-year low of 20.3 cents in January 1950. Chicken prices probably will continue under 1949 levels, at least until the last quarter of the year.

Wholesale turkey prices have declined somewhat in the last month, with farm prices also falling 1.5 cents per pound (live) to 30.1 cents. Current marketings of turkeys from farms are seasonally small, consisting mostly of breeder hens. The 1950 outlook is for another large turkey crop. Since this crop will be sold without benefit of price support, prices will probably be moderately lower than a year ago.

FATS AND OILS

On the basis of present supply indications, the general price level of fats and oils in 1950 probably will average lower than in 1949. However, prices of most fats and oils other than drying oils and olive oil in 1950 are likely to average above the low points reached last November.

The index number of wholesale prices of 26 major fats and oils (butter excluded) in April was about the same as in March, when it stood at 151 (1935-39=100) and was moderately above the postwar low of 138 reached last November. In April 1949, this index was 168. Prices of crude soybean and cottonseed oils advanced slightly in April 1950. The price of coconut oil increased about 0.5 cent per pound from March to April. The price of edible olive oil continued to decline in April, reflecting a decline in the price of olive oil in the Mediterranean area.

Advances in the prices of cottonseed and soybean oils during the early part of 1950 were associated with an unusually large domestic disappearance of these oils. Apparently the demand for food fats in the early part of 1950 was intensified by inventory building of food fats, particularly shortening, by dealers and large users. Prices of edible oils probably also were affected by the Government cottonseed purchase program,

which temporarily withdrew from regular trade channels about 250 million pounds of cottonseed oil in the form of cottonseed. By April 22 about 110 million pounds, in terms of oil, had been sold by CCC to exporters and domestic buyers, mostly to the latter. The remainder of about 140 million pounds will be offered from month to month as oil becomes available through toll crushing of the remaining cottonseed owned by CCC. For April, a minimum of 25 million pounds were offered to domestic and export buyers.

Production of tallow, lard, and greases in the year beginning October 1950 probably will be larger than in the current year, as a result of increased cattle and hog slaughter. The number of cattle on farms has been increasing since early 1948, and the number slaughtered is likely to start upward by 1951. The 1950 pig crop is expected to be larger than the 1949 crop, on the basis of farmers' plans last December and the relatively favorable hog-corn price ratio of recent months. With a larger 1950 pig crop, hog slaughter in 1950-51 will increase.

Total oilseed acreage may be smaller in 1950 than 1949, with an increase in soybean acreage more than offset by declines in other oilseed acreages. These changes in acreage, however, would not result in a proportionate decrease in output of vegetable oils in 1950-51. The yield of oil per acre is larger from soybeans than cottonseed. Also, crushings of flaxseed from the 1950 crop will be supplemented by crushings from a large Government carry-over next July 1. With exceptionally high oilcrop yields in 1950, such as we had in 1949, vegetable-oil output in 1950-51 probably would be larger than in the present marketing year. Average crop yields per acre probably would mean a somewhat smaller output of vegetable oils than in 1949-50.

CORN AND OTHER FEED

The total production of feed grains in 1950, assuming 1944-48 average yields by States on the March 1 prospective acreages, would be around one-tenth smaller than in 1949. This reflects a substantial reduction in the corn crop. The level of corn prices in 1950-51 will be influenced to a considerable extent by the Government loan program and by the final outturn of this year's crop. Loans on corn will again be at 90 percent of the parity price. This year only farmers in the commercial area who plant within their acreage allotments will be eligible for the full 90 percent support. If the 1950 corn crop is substantially smaller than in 1949, as would be expected on the basis of March 1 intentions with average yields, corn prices probably will be maintained nearer the loan rate in 1950-51 than in either of the past 2 years. The large stocks of corn on hand, however, will limit any substantial rise in prices that would otherwise occur in the event of a short crop.

Prices of feed grains and most other feeds advanced from March to April, continuing the upward trend of the past few months. The index of prices received for feed grains in April was 2 percent higher than a year earlier. High protein feed prices averaged close to the level for April 1949, while wheat mill-feed prices were about one-eighth lower. Corn prices have advanced more than seasonally from the low point reached last November, but in April were still about 14 cents per bushel below the National average loan rate. Oats and barley prices were above support.

Stocks of feed grains, excluding those under price support, are smaller than those available a year ago. This together with below average marketings will continue to have a supporting influence on feed grain prices, at least until the 1950 crops are harvested this summer and fall.

April 1 stocks of corn, oats, and barley in all positions totaled about 68 million tons, slightly larger than the previous record stocks on that date last year. Exclusive of quantities under price support, stocks were about 17 percent smaller than a year earlier. Domestic disappearance of the three grains during October-March was 9 percent larger this year than last, reflecting the increased number of livestock on farms and the continued liberal feeding per animal. Domestic disappearance of feed grains during the last half of the feeding season may be little, if any, larger than in the same period of 1949. The combined carry-over of corn, oats, and barley into 1950-51 probably will be close to the record carry-over at the beginning of the 1949-50 season. The carry-over of corn next October 1 probably will exceed the 825 million bushels carried over in 1949, but a larger part of the carry-over will be under loan or in Government ownership. Carry-over of oats and barley next July 1 is expected to be about one-fourth smaller than in 1949.

WHEAT

The seasonal price decline, which frequently occurs after the middle of May, is expected to be delayed this year because of the short crops in prospect in Texas and Oklahoma. Under continuing adverse weather conditions prices could advance to the level at which the CCC will sell. This selling price as announced for May is the applicable county loan rate for points of production plus 28 cents per bushel, with appropriate adjustments for protein. Bids at country points in the Southwest already have touched this level. The selling price of No. I Hard Winter in store at Kansas City is $2.49 per bushel and that of No. I Dark Norther Spring in store at Minneapolis $2.50. The offer by CCC of its large stocks will tend to establish a level above which the cash market is not likely to go. Rains in the dry areas would have a weakening price effect.

On the basis of a report of March 29, farmers had placed 379 million bushels of 1949-crop wheat under loan and purchase agreement. This consisted of 257 million stored in warehouses, 76 million on farms, and 46 million under purchase agreement. While no figures on redemptions are available, it is believed that much of the farm-stored loan collateral has been or is being redeemed. Also much of the wheat under purchase agreement has already been sold. Wheat deliveries to CCC from the current programs together with quantities held from the previous crop and procured by market purchases will result in a large part of the carry-over next July 1 being held by CCC.

Stocks of wheat in all positions on April 1 totaled 663 million bushels, compared with 586 million bushels a year earlier and 896 million, the record reached in 1943. On the basis of the July-March disappearance, total disappearance for the marketing year is expected to be about 1 billion bushels, of which nearly 700 million bushels are domestic and about 10 million are exports. Stocks next July 1 are expected to total about 450 million bushels, compared with 307 million on July 1, 1949.

Wheat prospects again point to a crop that will be larger than domestic disappearance and exports, unless growing conditions from now on out are below average. Prices will fall below the loan following harvest but should average close to it for the 1950-51 marketing year as a whole. Loan rate average may be about the same as in 1949 when it was $1.95 on a national farm basis.

A winter wheat crop of 764 million bushels was indicated as of April 1. Production of spring wheat has not yet been forecasted, but moisture conditions so far are generally good in the major spring wheat area. If yields per seeded acre should equal the 1944-48 average on the acreage indicated by farmers' March intentions, about 300 million bushels would be produced. If 300 million bushels of spring wheat and 764 million bushels of winter wheat are produced, the total wheat crop would be 1,064 million bushels. With a domestic use of near 700 million bushels, a crop of this size, together with a prospective carry-over of about 450 million bushels, would provide about 814 million bushels for export next year and for carry-over July 1, 1951.

If exports should approximate 300 million bushels in 1950-51, about 500 million bushels would remain in the carry-over on July 1, 1951, compared with the record of 631 million in 1942 and the prewar (1932-41) average of 235 million.

FRUIT

Grower prices for most 1950-crop deciduous fruits probably will average a little higher than in 1949.

In May and June, grower prices for apples and pears will be lower than in these months of 1949. With cold-storage stocks of apples on April 1, 1950 moderately smaller than usual for that time of year, grower prices for the small remaining supplies probably will increase slightly during May and June. But prices for pears, cold-storage stocks of which were considerably larger than usual on April 1, probably will not change much from April levels. Through the Government purchase program for 1949-crop fall and winter apples, over 3 million bushels have been purchased for utilization in the School Lunch and institutional feeding outlets. Under the export-payment programs for apples and winter pears, more than 2 million bushels of apples and about 133,000 bushels of pears have been declared for export.

The 1950 crops of some of the deciduous fruits, especially peaches, may not be as large as last year. Peach production in some of the Southern and Central States is expected to be reduced considerably as a result of early spring frosts.

Supplies of 1949-50 crop oranges, grapefruit and lemons remaining for use after mid-April were each moderately larger than those of a year earlier. With demand for oranges and grapefruit for fresh use and processing continuing strong, grower prices in May and June may continue near April levels. Through April 15 this season, nearly 12 million gallons of frozen concentrated orange juice had been made in Florida, about twice the quantity in the same part of the 1948-49 season. Output of canned orange juice was running a

little larger than last year. However, the pack of all citrus products, exclusive of frozen concentrated citrus juices, is 7 million cases, or 17 percent, below last year.

Grower prices for strawberries probably will decline seasonally in May and June, when the major part of the crop usually is marketed. But demand for freezing is expected to be heavy, giving strong support to prices. The mid-spring crop, which is harvested mostly in May, is tentatively estimated to be moderately larger than the 1949 crop. Cold-storage stocks of frozen strawberries on April 1, 1950 were a little over one-third as large as stocks a year earlier. Total stocks of frozen fruits were about 4.5 percent smaller.

Total packer and wholesale distributor stocks of canned apricots, peaches, pears, pineapple, and fruit cocktail on March 1, 1950 were about 12 percent larger than comparable stocks on that date in 1949. Of these stocks on March 1, 1950, packer stocks were 11 percent larger than a year earlier and wholesaler stocks were 14 percent larger. Total stocks of canned peaches, pears, and pineapple were each considerably larger than a year earlier while those of apricots and fruit cocktail were somewhat smaller. Total stocks of canned pineapple juice were about twice as large as on March 1, 1950.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices received by farmers for commercial truck crops sold on the fresh market in May and June probably will be moderately lower than those received a year earlier, primarily because of larger supplies. It is still too early to estimate supplies after June. However, total production this year is expected to be as large as in 1949.

Aggregate supplies of commercial truck crops for fresh market this spring are slightly larger than those produced a year earlier. Compared with last spring, supplies are expected to be most abundant, and prices relatively lowest, for onions, shallots, green peppers, and carrots. Relatively shortest supplies, and higher prices, are expected for celery, eggplant, and early spring green peas.

For Processing

Prices received by farmers for truck crops produced for commercial processing this year probably will average somewhat lower than last year, due to desire on the part of processors to reduce acreage in some crops to offset current large stocks. Processors' intentions indicate the likelihood of about one-fifth less acreage in sweet corn for processing, slightly less acreage in green peas for canning but considerably more acreage for freezing, and moderately less acreage of winter spinach for processing. Acreage of snap beans intended to be planted for processing is about the same as last year. Packers intend to contract for a considerably larger acreage of cabbage this year than last. However, the total picture on cabbage for kraut will be uncertain for some time, as packers customarily get about half their total supplies from open market purchases.

Total packer and distributor stocks of 5 major canned vegetable items this March 1 were slightly larger than a year earlier. These stocks largely determine the strength of processors' demand for acreage for the new season. Stocks of canned green peans, tomatoes and tomato juice were considerably lower this March 1 that a year ago, but were more than offset by much larger stocks of canned snap beans and canned corn. Substantial Government purchases of canned snap beans and corn have been made for the School Lunch program.

April 1 stocks of frozen vegetables in commercial cold-storage houses were nearly 31 percent larger than a year earlier in total and for each item except frozen asparagus and green peas. Net movement out of storage in March, however, was fully one-half larger than in March last year, and holdings of all frozen vegetables declined during March except for broccoli. Withdrawals generally were heaviest for the items in greatest supply.

POTATOES AND SWEETPOTATOES

Little change in prices received by farmers for 1949 crop potatoes is expected for the rest of the marketing season. New-crop 1950 potatoes already are in moderate surplus, and the Government has bought about a quarter of a million bushels to support prices. If farmers' March intentions to plant are carried out, and if weather is as favorable as in the past 2 years, a considerable surplus will be produced again this year. If this happens, farm and retail prices for potatoes probably will be slightly lower this year than they were for the 1949 crop, because support prices for the 1950 crop are almost 10 cents per bushel lower than they were for the 1949 crop.

Through mid-April the Government had purchased slightly more than 53 million bushels of 1949-crop potatoes, and purchases were continuing. Through the same date a year earlier, nearly 120 million bushels of 1948-crop potatoes had been purchased for price support.

Little change in farm or retail prices of sweetpotatoes is expected from now until the end of the 1949-crop-marketing season. Last year, prices to farmers advanced through April and then declined slightly. This year, prices have been moderately lower than last and they have risen less than seasonally. The gap between prices this year and last widened considerably as the season advanced. Farmers' March intentions to plant indicated about one-tenth larger acreage this year than last. This was partly influenced by the relatively high prices received for sweetpotatoes in recent years and the acreage restrictions in force this year for other cash crops in the South.

DRY EDIBLE BEANS AND PEAS

Some advance is expected in the prices received by farmers for 1949-crop dry edible beans and dry field peas from now until near the end of their marketing season. Although supplies continue in surplus, and prices are near support levels most of the available supplies are passing into Government stocks. Existing legislation requires that sales from these stocks must be at not less than 5 percent over current support prices plus reasonable carrying charges. There will be no price support on the 1950 crop of dry peas but price support will be given to producers of dry beans who plant within their acreage allotments. The 1950 dry bean support level will reflect an

average to farmers of about $6.30 per cwt. on a thresher-run basis (75 percent of parity) as compared to about $6.55 for the 1949 crop.

This is the first year that price support for dry beans has been tied to an acreage allotment. Since individual allotments had not been announced at the time growers made known their planting intentions, the final plantings may differ somewhat from the prospective plantings. March 1 intentions indicated a probable acreage, which at 1945-49 average yields by States, would produce about 15 million bags (100 lbs. each cleaned basis), in contrast to the record 1949 crops of more than 20 million bags.

March 1 intentions indicated a probable acreage planted to dry field peas which would be the smallest acreage in 11 years. If the intentions are carried out and if yields equal the 1944-48 average for the 9 producing States, production would be about 3-1/3 million bags (uncleaned). This would be about the same as the 1949 crops but not much more than half the 1939-48 average of 5.8 million bags. Such a crop would be fully adequate to meet anticipated demands.

COTTON

Spot prices for cotton in April reached the highest levels of the season. Middling 15/16-inch cotton averaged 32.78 cents per pound in the ten spot markets on April 25, slightly above the previous high of 32.51 reached on February 25, but 0.6 cents per pound below a year earlier. The average price received by farmers for cotton in April was 28.74 cents per pound, compared with 28.05 in March and 29.91 in April, 1949. The farm price of cotton in April was 242 percent of the 1910-14 average and 95 percent of the April parity price of 30.26 cents per pound.

Exports of U. S. cotton in the first 7 months of the 1949-50 season totaled 3,068,000 bales -- substantially above the comparable period for any season since 1939-40, when war stock-piling and an export subsidy increased foreign takings of U. S. cotton. The prospect is that exports in the last five months of the current season (March-July) will be at a higher rate than during the first seven months and will total around 2-1/4 million running bales. If so, the full season total will exceed 5-1/4 million running bales.

The use of cotton by domestic mills in the first eight months of the current season was 5,977,000 bales, 7.5 percent more than a year ago, and 28 percent more than the average for the corresponding months in 1935-39. Since the beginning of the season, the trend of mill consumption was upward through February and declined in March. Somewhat lower levels of retail sales of apparel, substantially smaller exports of cotton cloth and increased imports of foreign cloth, though still in small volume, point toward a greater than seasonal decline in the mill use of cotton during the April-July period. In this case not more than 2.5 million bales will be consumed in the four months. Domestic mill consumption for the entire 1949-50 season would total around 8.5 million bales.

The carry-over on August 1, 1950 (beginning of next season) is likely to be around 7.5 million bales of which about two-thirds will be in CCC stocks. The carry-over of low grade cotton is expected to be relatively small.

Public Law 471, 81st Congress, 2nd Session, amends the Agricultural Adjustment Act of 1938, as amended, to provide for an increase to the initial National cotton acreage allotment for 1950, which was 21,000,000 acres. The extent of the increase in the allotment resulting from this legislation will not be known, however, until individual farm adjustments provided by the amendments have been determined.

WOOL

World demand for apparel wool continues strong. Prices for most fine wools in foreign markets at mid-April, in terms of dollars, were about 7 to 10 percent higher than in mid-March, and were at about the peak level of late January.

Prices for both domestic and imported shorn apparel wool at Boston on April 28 were at the same levels as a month earlier. Australian 64s, 70s, good topmaking wool was quoted at $1.58 per pound, clean basis, in bond at Boston on April 14. On the same date, domestic territory fine staple combing wool was quoted at $1.63 per pound, scoured basis, compared with $1.80 at this time a year earlier. During the second half of April, open market prices at Boston for most qualities of domestic pulled wools advanced. For example, Choice AA scoured pulled wools advanced from 158 cents per pound to 173 cents.

The average price received by farmers for shorn wool in April 1950 was 50.4 cents per pound grease basis. This compared with 49.6 cents received in March 1950 and 51.3 cents in April 1949. The average price received by farmers in 1950 probably will not be greatly different from the 1949 average price of 49.3 cents. Shorn wool purchase prices under the 1950 wool price support program are based on the national average support level of 45.2 cents per pound, grease basis. To determine the 1950 price relationships among grades, 1949 purchase prices were averaged with 1949 open market prices by grades. In general, 1950 purchase prices for fine wools are a little higher than they were in the 1949 program, while prices of medium and coarser wools are somewhat lower.

Imports for consumption of dutiable wool during January-February totaled 82 million pounds, actual weight. This was 35 million pounds or 75 percent greater than imports during the same period last year. Imports for consumption of 68 million pounds of duty-free wool were about 35 million pounds greater than in 1949.

Domestic mills consumed 66 million pounds, scoured basis, of apparel wool during January-February. The average weekly rate of consumption during this period was about 15 percent above the rate for the same period in 1949. The average weekly rate during February, 8.7 million pounds, was 10 percent above the rate for the previous month and 26 percent above the rate in February 1949. Consumption of carpet wool during January-February totaled 31 million pounds, scoured basis, 1 million pounds less than in the same period of 1949.

TOBACCO

The demand for cigarette tobacco is expected to be fairly strong again this year. Prices of the 1950 crops of flue-cured and Burley are likely to average above their support levels which will probably be a little higher than those of last season. The 1949 season average price of flue-cured was

a little over 47 cents per pound and the support level was 42-1/2 cents; while for Burley, the 1949 season average was close to 45 cents and its support level was 40.3 cents. Auctions for the 1949 crop of Maryland tobacco begin May 2, and prices are expected to average well above the support level of 41.8 cents per pound although not as high as last season's average of 54-1/2 cents. If 1950 yields per acre are near those of the past 5 years, flue-cured production will be nearly the same as last year; but the Burley crop will be smaller--in line with the reduced acreage allotments. Carry-over of flue-cured on July 1 is likely to be near that of a year earlier, but Burley carry-over will be the highest on record.

During the first quarter of this year, United States cigarette consumption was a little less than 3 percent above the record first quarter total of last year. Domestic use of cigarettes is expected to continue high during the year as a whole. Cigarette exports have been dropping and in January-February were about one-fourth less than in the same period last year. Smoking tobacco consumption in the United States in early 1950 exceeded that of early 1949, and for 1950, as a whole, will probably be above last year.

During the past season, most fire-cured and dark air-cured tobacco sold at prices that averaged fairly close to their support levels. Smaller crops are expected this year as the result of smaller acreage allotments. Support prices for these types are related to the support level for Burley and are likely to be a little above those of last season.

Sizable quantities of fire-cured and dark air-cured tobacco go into chewing tobacco and snuff. Chewing tobacco manufacture in 1949 was at a record low and relatively little change seems likely this year. During the first quarter of 1950, snuff consumption was off moderately from last year; and for 1950, as a whole, this usually stable tobacco product may average a little below 1949.

Much of the cigar tobacco brought lower prices last season than in the previous season, but some types averaged nearly the same. Support price operations were begun for the first time in the Connecticut Valley in the latter part of the season. The 1950 parities for cigar tobacco as computed under the 1949 Agricultural Act, are quite a bit higher than those to which last season's price supports were related. Cigar consumption during the first quarter of 1950 was very slightly below the same period of 1949. Cigar consumption for 1950 as a whole is expected to be near that of 1949 with those retailing at 8 cents of less accounting for a little larger proportion than during last year.

United States tobacco exports during early 1950 were considerably below those of early 1949 when very substantial shipments were made to Germany. Tobacco exports for the year as a whole are likely to be moderately lower than in 1949. Efforts by several European countries to bring their dollar imports into closer balance with their exports to dollar areas and the reductions in ECA financial aid will be factors affecting exports of tobacco to those countries. The fact that stocks of tobacco in a number of important tobacco consuming countries are still relatively low and that sufficient supplies of acceptable tobacco are not available elsewhere is expected to keep United States tobacco exports from showing any sharp decline.

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